

Issue Brief

FEDERAL ISSUE BRIEF • October 30, 2017

KEY POINTS

- Calendar Year 2018 ESRD payments to hospital-based facilities are projected increase 0.7 percent compared to freestanding facilities estimated 0.5 percent increase.
- Approximately half of the text of the relates to quality metrics associated with the ESRD payment system.

CMS Finalizes ESRD PPS Update for CY 2018

The Centers for Medicare & Medicaid Services issued a final rule to update payment policies and rates under the End-Stage Renal Disease Prospective Payment System for renal dialysis services furnished on or after January 1, 2018 (calendar year 2018).

The rule will be published in the November 1 *Federal Register*. The 208-page display copy is currently available [online](#). The link will be superseded upon publication.

Further, the rule contains final updates to the acute kidney injury dialysis payment rate for individuals with AKI. The rule also contains changes to the ESRD Quality Incentive Program, including payment years 2019, 2020 and 2021.

Finally, the rule includes updates to the Extraordinary Circumstances Exception Policy, Performance Score Certificate, National Healthcare Safety Network dialysis event data validation sampling methodology and quality measures.

COMMENT

CMS says the overall impact of the CY 2018 ESRD changes is projected to be an average 0.5 percent increase in total payments. Hospital-based ESRD facilities will have an estimated 0.7 percent increase compared with freestanding facilities having an estimated 0.5 percent increase.

CMS estimates that the aggregate ESRD PPS expenditures will increase by approximately \$60 million from CY 2017 to 2018. This reflects a \$40 million increase from the payment rate update and a \$20 million increase due to updates to the outlier threshold amounts.

CMS has used past outlier error estimations to claim current payment amounts will increase as a result of new and updated estimates. This rationale appears insincere. What has occurred is CMS has been underpaying outliers, but by revising outlier thresholds to try to achieve the 1.0 percent ESRD outlier pool, more money will flow to providers. Had CMS been more accurate in its current outlier payments, ESRD providers would have already received the \$20 million for past outliers, and would still get \$20 million for future outlier payments.

UPDATE TO THE ESRD PPS BASE RATE

The CY 2018 ESRD PPS base rate will be **\$232.37**, an increase of \$0.82 to the current base rate of \$231.55, calculated as follows:

The final CY 2018 wage index budget-neutrality adjustment factor is 1.000531, based on updated wage index data. Therefore, the final ESRD PPS base rate for CY 2018 before application of the payment rate update is $\$231.67$ ($\$231.55 \times 1.000531 = \231.67).

The latest CY 2018 projection for the ESRDB market basket is 1.9 percent. This amount is reduced by

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continued

1.0 percentage point as required by prior amendments, $1.9 - 1.0 = 0.9$ percent. This amount is then reduced further by the Multi Factor Productivity adjustment of 0.6 percent, for a net increase of 0.3 percent.

This yields a CY 2018 ESRD PPS final base rate of **\$232.37** ($\$231.67 \times 1.003 = \232.37).

ANNUAL UPDATE TO THE WAGE INDEX

The final CY 2018 wage index values based on the latest hospital wage data for urban areas are listed in Addendum A, and the final CY 2018 wage index values for rural areas are listed in Addendum B. Addenda A and B are located on the CMS [website](#).

For CY 2018, CMS is not proposing any changes to the application of the wage index floor and will continue to apply the current wage index floor (0.4000) to areas with wage index values below the floor.

LABOR SHARE

The labor-related share to which a facility's wage index will be applied is 50.673 percent, the same as current.

UPDATE TO THE OUTLIER POLICY

CMS says, "Consistent with our policy to annually update the outlier policy using the most current data, CMS is updating the outlier services fixed-dollar loss amounts for adult and pediatric patients and Medicare Allowable Payment amounts for adult patients for CY 2018 using 2016 claims data."

Based on the more current data, the FDL amount for pediatric beneficiaries will decrease from \$68.49 to \$47.79, and the MAP amount will decrease from \$38.29 to \$37.31, as compared to CY 2017 values.

For adult beneficiaries, the FDL amount will decrease from \$82.92 to \$77.54, and the MAP amount will decrease from \$45.00 to \$42.41.

In CY 2016, outlier payments were 0.78 percent of total ESRD PPS payments. That is less than the 1.0 percent target for outlier payments.

To have pricing options for certain drugs and biologicals that do not have an average sales price, CMS is expanding pricing options for drugs and biologicals. In addition to the ASP methodology for pricing drugs and biologicals under Part B section 1847A of the Act, other pricing options of the ASP are unavailable, such as the Wholesale Acquisition Cost or Average Manufacturer Price will be used.

PAYMENT FOR RENAL DIALYSIS SERVICES FURNISHED TO INDIVIDUALS WITH AKI

CMS is updating the AKI payment rate for CY 2018. The final CY 2018 payment rate is \$232.37, which is equal to the CY 2018 ESRD PPS base rate. CMS estimates \$20 million will be paid to ESRD facilities in CY 2018 as a result of AKI patients receiving renal dialysis services in the ESRD facility at the ESRD PPS base rate versus receiving those services in the hospital outpatient setting.

END-STAGE RENAL DISEASE QUALITY INCENTIVE PROGRAM

COMMENT

The quality aspect of this update, as well as all other PPS quality updates, continues to grow in depth and complexity. As the quality component expands, it adds to the burdens of reporting data elements and raises serious financial implications. One must question the data outcomes. Are they truly helping improve the quality of care, or are they

simply a financial reduction tool to those who fail to either report required measures or fail the edits of their data?

1. Accounting for social risk factors in the ESRD QIP

In the CY 2018 ESRD PPS proposed rule, CMS discussed the issue of accounting for social risk factors in the ESRD QIP.

CMS' response is, "As we consider the feasibility of collecting patient-level data and the impact of strategies to account for social risk factors through further analysis, we will continue to evaluate the reporting burden on providers. Future proposals would follow further research and continued stakeholder engagement."

2. Change to the performance score certificate beginning with the Payment Year 2019 ESRD QIP

Beginning in PY 2019, CMS proposed to shorten the Performance Score Certificates to make the document simpler and easier to understand. Specifically, CMS proposed that the revised PSC would indicate the facility's total performance score for the applicable payment year, information sufficient to identify the facility and information showing how well the facility performed compared to the national average.

CMS is adopting its proposal.

3. Requirements Beginning with the PY 2020 ESRD QIP

Clarification of the Minimum Data Policy for Scoring Measures Finalized for the PY 2020 ESRD QIP

Based on comments received, CMS is finalizing its proposed revised minimum data requirements for the PY 2020 ESRD QIP, as described in the table below.

Revised Minimum Data Requirements for the PY 2020 ESRD QIP			
Measure	Minimum Data Requirements	CCN Open Date	Small Facility Adjuster
Dialysis Adequacy (Clinical)	11 qualifying patients	N/A	11-25 qualifying patients
Vascular Access Type: Catheter (Clinical)	11 qualifying patients	N/A	11-25 qualifying patients
Vascular Access Type: Fistula (Clinical)	11 qualifying patients	N/A	11-25 qualifying patients
Hypercalcemia (Clinical)	11 qualifying patients	N/A	11-25 qualifying patients
NHSN Bloodstream Infection (Clinical)	11 qualifying patients	Before January 1, 2018	11-25 qualifying patients
NHSN Dialysis Event (Reporting)	11 qualifying patients	Before January 1, 2018	N/A
SRR (Clinical)	11 index discharges	N/A	11-41 index discharges

Revised Minimum Data Requirements for the PY 2020 ESRD QIP			
Measure	Minimum Data Requirements	CCN Open Date	Small Facility Adjuster
STrR (Clinical)	10 patient-years at risk	N/A	10-21 patient years at risk
SHR (Clinical)	5 patient-years at risk	N/A	5-14 patient-years at risk
ICH CAHPS (Clinical)	Facilities with 30 or more survey-eligible patients during the calendar year preceding the performance period must submit survey results. Facilities will not receive a score if they do not obtain at least 30 completed surveys during the performance period.	Before January 1, 2018	N/A
Anemia Management (Reporting)	11 qualifying patients	Before July 1, 2018	N/A
Serum Phosphorus (Reporting)	11 qualifying patients	Before July 1, 2018	N/A
Depression Screening and Follow-Up (Reporting)	11 qualifying patients	Before July 1, 2018	N/A
Pain Assessment and Follow-Up (Reporting)	11 qualifying patients	Before July 1, 2018	N/A
NHSN Healthcare Personnel Influenza Vaccination (Reporting)	N/A	Before January 1, 2018	N/A
Ultrafiltration Rate (Reporting)	11 qualifying patients	Before July 1, 2018	N/A

Changes to the Extraordinary Circumstances Exception (ECE) Policy

Many of CMS' quality reporting and value-based purchasing programs share a common process for requesting an exception from program reporting due to an extraordinary circumstance not within a facility's control.

In reviewing the program policies, CMS notes five areas in which these programs have variance in comparison to the policy within the ESRD QIP regarding ECE requests. These are: (1) allowing the facilities or hospitals to submit a form signed by the facility's or hospital's CEO versus CEO or designated personnel; (2) requiring the form be submitted within 30 days following the date that the extraordinary circumstance occurred versus within 90 days following the date the extraordinary circumstance occurred; (3) inconsistency regarding specification of a timeline for CMS to provide a response notifying the facility or hospital of CMS' decision; (4) inconsistency regarding whether CMS would grant ECEs based on a facility's inability to timely and completely report data due to CMS data system issues; and (5) referring to this policy as "extraordinary extensions/exemptions" versus "extraordinary circumstances exceptions."

CMS proposed to update these policies by: (1) allowing the facility to submit a form signed by the facility’s CEO or designated personnel; (2) expanding the reasons for which an ECE can be requested to include an unresolved issue with a CMS data system, which affected the ability of the facility to submit data (an unresolved data system issue would be one which did not allow the facility to submit data by the data submission deadline and which was unable to be resolved with a work-around); and (3) specifying that a facility does not need to be closed in order to request and receive consideration for an ECE as long as the facility can demonstrate that its normal operations have been significantly affected by an extraordinary circumstance outside of its control.

CMS is adopting these policies, and they will apply beginning with the PY 2020 ESRD QIP program, as related to extraordinary circumstance events that occur on or after January 1, 2018.

Estimated Performance Standards, Achievement Thresholds and Benchmarks for the Clinical Measures Finalized for the PY 2020 ESRD QIP

In the table below, CMS provides updated values for the clinical measures using data from the first part of CY 2017.

Finalized Performance Standards for the PY 2020 ESRD QIP Clinical Measures Using the Most Recently Available Data			
Measure	Achievement Threshold	Benchmark	Performance Standard
Vascular Access Type (VAT)			
%Fistula	53.95%	79.90%	65.98%
%Catheter	17.22%	3.11%	9.40%
Kt/V Dialysis Adequacy Comprehensive	91.09%	98.56%	95.64%
Hypercalcemia	2.41%	0.00%	0.86%
Standard Transfusion Ratio (STrR)	1.444	0.429	0.889
Standard Readmission Ratio (SRR)	1.273	0.629	0.998
NHSN Blood Stream Infection	1.598	0	0.740
Standardized Hospitalization Ratio measure (SHR)	1.249	0.6720	0.967
ICH CAHPS: Nephrologists’ Communication and Caring	57.36%	78.09%	67.04%
ICH CAHPS: Quality of Dialysis Center Care and Operations	53.14%	71.52%	61.22%
ICH CAHPS: Providing Information to Patients	73.31%	86.83%	79.79%
ICH CAHPS: Overall Rating of Nephrologists	49.33%	76.57%	62.22%
ICH CAHPS: Overall Rating of Dialysis Center Staff	48.84%	77.42%	62.26%
ICH CAHPS: Overall Rating of the Dialysis Facility	52.24%	82.48%	66.82%

Data sources: VAT measures: 2016 CROWNWeb; SRR, STrR, SHR: 2016 Medicare claims; Kt/V: 2016 CROWNWeb;

Hypercalcemia: 2016 CROWNWeb; NHSN: 2016 CDC, ICH CAHPS: CMS 2016.



Policy for Weighting the Clinical Measure Domain for PY 2020

The table below shows the weights finalized for PY 2020 for the Clinical Measure Domain.

Finalized Clinical Measure Domain Weighting for the PY 2020 ESRD QIP		
Measures/Measure Topics by Subdomain	Measure Weight in the Clinical Domain Score	Measure Weight as Percent of TPS (Updated)
Patient and Family Engagement/ Care Coordination Subdomain	40%	
ICH CAHPS measure	25%	18.75%
SRR Measure	15%	11.25%
Clinical Care Subdomain	60%	
STrR measure	11%	8.25%
Dialysis Adequacy measure	18%	13.5%
VAT measure topic	18%	13.5%
Hypercalcemia measure	2%	1.5%
SHR measure	11%	8.25%
Total	100% (of Clinical Measure Domain)	75% (of TPS)

Payment Reductions for the PY 2020 ESRD QIP

Section 1881(h)(3)(A)(ii) of the Act requires the secretary to ensure that the application of the ESRD QIP scoring methodology results in an appropriate distribution of payment reductions across facilities, such that facilities achieving the lowest TPS receive the largest payment reductions.

In the table below, the final TPS ranges are based on the most recently available data.

Finalized Payment Reduction Scale for PY 2020 based on the Most Recently Available Data	
Total Performance Score	Reduction
100-59	0%
58-49	0.5%
48-39	1.0%
38-29	1.5%
28-0	2.0%

Data Validation

CMS notes that one of the critical elements of the ESRD QIP's success is ensuring that the data submitted to calculate measure scores and TPSs is accurate.

Beginning with PY 2020, CMS will conduct, as proposed, the same National Healthcare Safety Network dialysis event validation study that it finalized in the CY 2017 ESRD PPS final rule for PY 2019. However, to ensure that a more representative sample of high-performing and low-performing facility data can be analyzed, CMS will adjust the sampling method used to select the 35 facilities.

4. Requirements for the PY 2021 ESRD QIP

Measures for the PY 2021 ESRD QIP

CMS previously finalized 16 measures in the CY 2017 ESRD PPS final rule for the PY 2020 ESRD QIP. In accordance with CMS' policy to continue using measures, unless it proposes to remove or replace them, CMS will continue to use all but two of these measures in the PY 2021 ESRD QIP. CMS is removing the Standardized Fistula Rate Clinical Measure and the Long-Term Catheter Rate Clinical Measure.

PY 2020 ESRD QIP Measures Being Continued in PY 2021	
NQF#	Measure Title and Description
0258	ICH CAHPS Survey Administration, a clinical measure Measure assesses patients' self-reported experience of care through percentage of patient responses to multiple testing tools.
2496	SRR, a clinical measure Ratio of the number of observed, unplanned 30-day hospital readmissions to the number of expected, unplanned 30-day readmissions.
2979	STrR, a clinical measure Risk-adjusted standardized transfusion ratio for all adult Medicare dialysis patients. Number of observed, eligible red blood cell transfusion events occurring in patients dialyzing at a facility to the number of eligible transfusions that would be expected.
N/A	Kt/V Dialysis Adequacy Comprehensive, a clinical measure Percentage of all patient months for patients whose delivered dose of dialysis (either hemodialysis or peritoneal dialysis) met the specified threshold during the reporting period.
1454	Hypercalcemia, a clinical measure Proportion of patient-months with three-month rolling average of total uncorrected serum or plasma calcium greater than 10.2 mg/dL.
1463*	SHR, a clinical measure Risk-adjusted SHR of the number of observed hospitalizations to the number of expected hospitalizations.
0255	Serum Phosphorus, a reporting measure Percentage of all adult (≥18 years of age) peritoneal dialysis and hemodialysis patients included in the sample for analysis with serum or plasma phosphorus measured at least once within month.
N/A	Anemia Management Reporting, a reporting measure Number of months for which facility reports erythropoiesis-stimulating agent (ESA) dosage (as applicable) and hemoglobin/hematocrit for each Medicare patient, at least once per month.
Based on NQF #0420	Pain Assessment and Follow-Up, a reporting measure Facility reports in CROWNWeb one of six conditions for each qualifying patient once before August 1 of the performance period and once before February 1 of the year following the performance period.
Based on NQF #0418	Clinical Depression Screening and Follow-Up, a reporting measure Facility reports in CROWNWeb one of six conditions for each qualifying patient once before February 1 of the year following the performance period.
Based on NQF #0431	NHSN Healthcare Personnel Influenza Vaccination, a reporting measure Facility submits Healthcare Personnel Influenza Vaccination Summary Report to CDC's NHSN system, according to the specifications of the Healthcare Personnel Safety Component Protocol, by May 15 of the performance period.

PY 2020 ESRD QIP Measures Being Continued in PY 2021	
NQF#	Measure Title and Description
N/A	Ultrafiltration Rate, a reporting measure Number of months for which a facility reports elements required for ultrafiltration rates for each qualifying patient.
Based on NQF #1460	NHSN BSI in Hemodialysis Patients, a clinical measure The Standardized Infection Ratio of BSIs will be calculated among patients receiving hemodialysis at outpatient hemodialysis centers.
N/A	NHSN Dialysis Event Reporting Measure Number of months for which facility reports NHSN Dialysis Event data to CDC.

*CMS notes that the complete list of ICD-10 codes associated with the Standardized Readmission Ratio Clinical Measure and the Standardized Hospitalization Ratio Clinical Measure included in the ESRD QIP for PY 2020, are included in the Measure Technical [Reports](#).

Revision of the Standardized Transfusion Ratio Clinical Measure Beginning with the PY 2021 Program Year

The updated specifications, as proposed, to the STrR measure contain a more restricted definition of transfusion events than is used in the current STrR measure. Specifically, the revised definition excludes inpatient transfusion events for claims that include only 038 or 039 revenue codes without an accompanying ICD-9 or ICD-10 Procedure Code or Value Code. CMS says as a result of requiring that all inpatient transfusion events include an appropriate ICD-9 or ICD-10 Procedure Code or Value Code, the measure will identify transfusion events more specifically and with less bias related to regional coding variation. As a result, it will assess a smaller number of events and a smaller range of total events.

New Vascular Access Measures Beginning with the PY 2021 ESRD QIP

i. *New Hemodialysis Vascular Access: Standardized Fistula Rate Clinical Measure (NQF #2977)*

This measure replaces NQF #0257, Maximizing Placement of AV fistula, and it incorporates changes that reflect input from the 2015 Vascular Access Technical Expert Panel.

ii. *New Hemodialysis Vascular Access: Long-Term Catheter Rate (NQF #2978) Beginning with the PY 2021 ESRD QIP*

This measure replaces NQF #0256, Minimizing Use of Catheters as Chronic Dialysis Access, and it incorporates the following changes that reflect input from the 2015 Vascular Access TEP.

Weighting the Clinical Measure Domain for PY 2021

CMS will weight the following measures in the following subdomains of the clinical measure domain.

Finalized Measure Domain Weighting for the PY 2021 ESRD QIP		
Measures/Measure Topics by Subdomain	Measure Weight Within the Domain (Proposed for PY 2021)*	Measure Weight as Percent of TPS (Proposed for PY 2021)*
CLINICAL MEASURE DOMAIN		
Patient and Family Engagement/Care Coordination Subdomain	40%	30%
ICH CAHPS Measure	25%	18.75%
SRR Measure	15%	11.25%
Clinical Care Subdomain	60%	45%
STrR measure	11%	8.25%
Kt/V Dialysis Adequacy Comprehensive Measure	18%	13.5%
Vascular Access Type Measure Topic	18%	13.5%
Hypercalcemia measure	2%	1.5%
SHR Measure	11%	8.25%
TOTAL: CLINICAL MEASURE DOMAIN	100% of Clinical Measure Domain	75% of Total Performance Score
REPORTING MEASURE DOMAIN		
Serum Phosphorus reporting measure	16.66%	1.66%
Anemia Management reporting measure	16.66%	1.66%
Pain Assessment and Follow-Up reporting measure	16.66%	1.66%
Clinical Depression Screening and Follow-Up reporting measure	16.66%	1.66%
Healthcare Personnel Influenza Vaccination reporting measure	16.66%	1.66%
Ultrafiltration Rate Reporting Measures	16.66%	1.66%
TOTAL: REPORTING MEASURE DOMAIN	100% of Reporting Measure Domain	10% of Total Performance Score
SAFETY MEASURE DOMAIN		
NHSN BSI Clinical Measure	60%	9%
NHSN Dialysis Event Reporting Measure	40%	6%
TOTAL: SAFETY MEASURE DOMAIN	100% of Safety Measure Domain	15% of Total Performance Score

**While the table head says these are final measures, the columns say “Proposed for PY 2021.” Assume the “proposed” to be a typo.*

FINAL COMMENT

The changes to the payment amounts are straightforward and easy to digest. The issues surrounding quality, as noted earlier, are much more complex. The quality discussions are in excess of 100 pages – 50 percent of the rule. Understanding reporting, scoring and timeframes require the input of clinically-trained individuals to assess the changes being made.

It should be noted that CMS appears to be providing much more information about financial impacts in its regulatory impact analysis section. Perhaps this is intended to support the quality reporting requirements.

*Analysis provided for MHA
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